

## **2002 Corporate Tax Form Corrections Update June 18, 2003**

### **Notice on Replacement Forms**

A tax alert was issued May 1, 2003 regarding fiscal year taxpayers attempting to file for short fiscal period ending December 31, 2002 or a fiscal year return. Notice was given that certain corporate forms would no longer be applicable for 2002/2003 fiscal year reporting because of the eventual passage of Senate Enrolled Act 422 on May 8, 2003. Also, a 60-day automatic extension of time to file was granted to taxpayers having current fiscal years ending before July 1, 2003.

As a response to the new filing requirements, the following replacement forms were made available to current fiscal year filers on May 30, 2003:

**Form IT-20 Fiscal** (5-03) return is to be used by a regular fiscal year corporation to report final gross income tax through December 31, 2002 and the full year's adjusted gross income and supplemental net income tax. The adjusted gross income tax rate increase is prorated over the fiscal year. The supplemental net income tax rate is prorated from the beginning of the taxpayer's fiscal year until December 31, 2002. This return replaces the fiscal year application of Form IT-20, but the form remains current for calendar year filers, and replaces Form IT-20FY (deleted).

**Form IT-20NP Fiscal** (5-03) return is to be used by a nonprofit fiscal year organization to report final gross income tax and supplemental net income tax through December 31, 2002 plus the full year's adjusted gross income tax on unrelated business income. The adjusted gross income tax rate increase is prorated over the fiscal year. The supplemental net income tax rate is prorated from the beginning of the taxpayer's fiscal year until December 31, 2002. This return replaces the fiscal year application of Form IT-20NP, but the form remains current for calendar year filers, and replaces deleted Form IT-20NP(FY).

**Form IT-20SC Fiscal** (5-03) return is to be used by a qualified Indiana fiscal year Special Corporation to report the full year's 2002 adjusted gross and partial year supplemental net income tax liability. The adjusted gross income tax rate increase is prorated over the fiscal year. The supplemental net income tax rate is prorated from the beginning of the taxpayer's fiscal year until December 31, 2002. This return replaces the fiscal year application of Form IT-20SC, but the form remains current for calendar year filers, and replaces deleted Form IT-20FY.

**Schedule IT-2220 Fiscal** (5-03) allows a fiscal year corporate filer to compute penalty for underpayment of estimated taxes. This schedule replaces the fiscal year application of Schedule IT-2220, but the schedule remains current for calendar year filers, and replaces deleted Schedule IT-2220(FY).

## Corrections to Current Forms *Update June 18, 2003*

### **Form IT-20S** (R1/9-02) (page 1 revised 5-03)

- **Line 13.** "... (multiply line 12 by effective tax rate from ~~chart on page 7 Tax Rate Chart~~)."
- **Line 14.** "... (subtract line 13 from line 12). ~~or amount from Fiscal Year Worksheet~~"
- **Line 15.** "Supplemental net income tax ~~through 12-31-2002~~ (multiply line 14 by 4.5% **effective tax rate from Tax Rate Chart.**"

### **2002 IT-20S Instruction Booklet** SP #261 (R1/9-02) (revised 5-03)

- **Line 13.** "Multiply the amount on line 12 by the effective adjusted gross income tax rate ~~from tax rate chart below~~ **applicable to your taxable year as listed in the Tax Rate Chart for line 13 below.**"

*Delete Tax Rate Chart for Line 13 as printed in instruction booklet. Replace with the following updated and combined tax rate chart:*

#### **Tax Rate Chart for Corporate Adjusted Gross and Supplemental Net Income Taxes**

##### **2002 Form IT-20S - Indiana**

**2002-03**

**2002**

##### **S Corporation Income Tax Return -**

Adjusted

Supplemental

##### **Schedule B**

Gross Income

Net Income

##### **Effective Tax Rates for Calendar Year Filer**

**Line 13**

**Line 15**

January 1, 2002 to December 31, 2002

.034

.045

January 1, 2003 through December 31, 2003

.085

-0-

##### **Effective Prorated Tax Rates for Fiscal Year Filer**

**Line 13**

**Line 15**

##### **Fiscal Year Beginning:**

##### **Fiscal Year Ending:**

February 1, 2002

January 31, 2003

.0383

.0412

March 1, 2002

February 28, 2003

**.0422**

.0377

April 1, 2002

March 31, 2003

.0466

.0339

May 1, 2002

April 30, 2003

**.0508**

.0302

June 1, 2002

May 31, 2003

.0551

.0264

July 1, 2002

June 30, 2003

**.0593**

.0227

August 1, 2002

July 31, 2003

.0636

.0189

September 1, 2002

August 31, 2003

.0680

.0150

October 1, 2002

September 30, 2003

.0721

.0113

November 1, 2002

October 31, 2003

**.0765**

.0075

December 1, 2002

November 30, 2003

.0807

.0038

Use the following pro ration formula for determining the effective tax rate for a tax year with different starting or ending dates than those shown above.

**For Line 13** – The rate of adjusted gross income tax for the full taxable year is a rate equal to the sum rounded to the nearest one-hundredth of one-percent (0.01%) of:

1. Three and four-tenths percent (3.4%) multiplied by a fraction, the numerator of which is the

number of days in the taxpayer's taxable year that occurred before January 1, 2003, and the denominator of which is the total number of days in the taxable year; and

2. Eight and five-tenths percent (8.5%) multiplied by a fraction, the numerator of which is the number of days in the taxpayer's taxable year that occurred after December 31, 2002, and the denominator of which is the total number of days in the taxable year.

$$(0.034 \times \text{Taxable Days in 2002}) + (0.085 \times \text{Taxable Days in 2003})$$

**AGIT rate** =  $\frac{\text{Number of Days in Taxable Year}}{\text{Number of Days in Taxable Year}}$

**Example:**

For a fiscal year starting June 1, 2002 and ending May 31, 2003:

$$\text{Line 13 effective rate: } \frac{(0.034 \times 214) + (0.085 \times 151)}{365} = .0551 \text{ (5.51\%)}$$

**For line 15** - Supplemental Net Income Tax is imposed on the whole fiscal year's net income based on the total number of days of the taxable fiscal year in 2002. The rate of tax of four and five-tenths percent (4.5%) is multiplied by a fraction, the numerator of which is the number of days in the taxpayer's taxable year that occurred before January 1, 2003, and the denominator of which is the total number of days in the taxable year:

$$0.045 \times \text{Taxable Days in 2002}$$

**Supplemental Net Income Tax rate** =  $\frac{\text{Number of Days in Taxable Year}}{\text{Number of Days in Taxable Year}}$

**Example:**

For a fiscal year starting July 1, 2002 and ending June 30, 2003:

$$\text{Line 15 effective rate for 2002: } \frac{0.045 \times 184}{365} = .0227 \text{ (2.27\%)}$$

- **Line 14.** ~~"Calendar year (2002) filers~~ Compute supplemental net income by subtracting adjusted gross income tax (line 13) from Indiana taxable income (line 12). ~~Fiscal years (filers) must use the following worksheet."~~  
*Delete Worksheet for 2002/2003 for line 14 as printed in the instruction booklet, now effectively combined as part of the Tax Rate Chart above.*
- **Line 15.** "Multiply the amount on line 14 by the **effective** supplemental net income tax rate of ~~4.5 percent (.045)~~ **applicable to your taxable year as listed in the Tax Rate Chart for line 15.**"

**Schedule IT-2220** (R1/9-02)

- Lines 19 and 22: reference to columns "(a) through 9(d)" should be: "(a) through (d)..."

**Form FIT-20, Schedule FIT-2220** (R1/9-02) [Reissue as (R2/12-02)]

- FIT-20 Form Page 4, line 6. *Revised to:* "Enter in (a) through (d) the corresponding quarterly installment dates in effect during 2002."

**IT-20NP Instruction Booklet** SP 155 (R1/9-02)

- Page 4, column 2, 5th sentence: "If a federal extension is not needed, a taxpayer may request, in writing on or before April 15, 2003, an Indiana extension of time to file..."

**IT-20NP Fiscal** (5-03)

- Page 1, line 24: Number **24** should appear within key punch box identifier for entry line 24.
- Page 2, line 61. "Subtotal for unrelated business income (~~subtract~~ line 60 from 55)" should instead be: "Subtotal for unrelated business income (**add line 55 and 60**)."